



750 B Street
San Diego, CA 92101

Independent Auditors' Report

The Honorable Board of Supervisors of the
County of San Diego:

We have audited the accompanying general purpose financial statements of the County of San Diego, California (the County) as of and for the year ended June 30, 1999, listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the management of the County. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County of San Diego, California at June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types, and the changes in net assets of its pension trust fund and investment trust fund, for the year then ended in conformity with generally accepted accounting principles.

During 1999, the County of San Diego, California, adopted the provisions of Governmental Accounting Standards Board Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans."

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 1999 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



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The Year 2000 supplementary information in Schedule 4 is not a required part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the County is or will become Year 2000 compliant, that the County's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the County does business are or will become Year 2000 compliant.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the accompanying table of contents, which are also the responsibility of the management of the County, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the County. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the County. Such additional information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, accordingly, we express no opinion on it.

KPMG LLP

October 8, 1999